

## Original Research Article

**Research on consumer-based experiential marketing model--taking IKEA as an example***Siqi Li**Qingdao Huanghai University, Qingdao, Shandong, 266000, China*

**Abstract:** With the rapid development of business in the world, various business models, marketing methods, business methods and concepts emerge. IKEA (IKEA) is the largest furniture and household goods enterprise in the world. The success of IKEA lies in its unique business philosophy and strategy. And the most distinctive point is IKEA's experiential marketing. With the change of consumption pattern, the process of economic evolution has changed from agricultural economy, industrial economy and service economy to the era of experience economy. Therefore, this experience marketing mode is worthy of our study and application. In this paper, IKEA is taken as the main case to analyze the role of experiential marketing in promoting IKEA's development. This paper analyzes why experiential marketing adapts to IKEA's development mode, and analyzes their advantages and disadvantages. And we will find out some industries that are more suitable for the application of experiential marketing, and put forward reasonable suggestions for them.

**Keywords:** IKEA; Experiential marketing; Customer-based

**1. Introduction**

With the development of society and the change of economy, the society has experienced three economic models: agricultural economy, industrial economy and service economy. In addition, experience economy is rising gradually<sup>[1]</sup>. Obviously, experiential marketing mode is the key of the era of experience economy. As for us, we need adapt to the economic era, that can help us to develop economy.

IKEA undoubtedly becomes the leader and inspiration of today's household industry. We know that IKEA is a world-famous enterprise, and it uses experiential marketing very well. Experiential marketing have some features, respectively, value proposition, prominent characteristics, the need of knowledge, value extension and feedback of experience. These features contribute the unique quality of experiential marketing.

**2. Experiential marketing in IKEA**

IKEA is a home store from Sweden, which is a transnational private household goods retail enterprise. IKEA is the pioneer of selling self-assembled furniture at a flat price. It is the largest furniture retail enterprise in the world. IKEA entered the Chinese market in 1998 and now has 16 businesses in mainland China Market, and in the early days of entering the Chinese market has been welcomed by the majority of consumers.

IKEA, as the leader of furniture industry, has a lot of business ideas, marketing strategies and corporate culture to learn from. In fact, the real core of IKEA brand is to let customers become brand communicators, rather than hard advertising. It's not just a store, it's a religion; it's not selling furniture, it's setting up a dream for you.<sup>[5]</sup> Among IKEA's many characteristics, I think experiential marketing is an essential factor for IKEA's success, and also the difference between IKEA and other household markets.

### 3. Definition

Experiential marketing means that enterprises pay attention to service, take commodities as materials, shape sensory experience and thinking identity from life and situation.<sup>[2]</sup> Additionally, by improving the quality of goods and services, we can improve the satisfaction of consumers. What does experience mean? It means a kind of memory, what we experience makes us feel real, realistic and impressive in our brain.

In the era of the experience economy, people pay more attention to emotional needs than rational value. For example, compared to people buy clothes to prevent the cold weather in the past, nowadays, they think different clothes will bring them a sense of satisfaction. Consumers gradually shift their eyes and behaviors to new ways and forms, hoping that the new economic forms can provide them with more economic value, meet their personalized needs and self experience.<sup>[1]</sup> Through this marketing model, company will enhance the sense of substitution of consumers, give them a new shopping mode and change their previous consumption behavior.

### 4. The application of experiential marketing in IKEA

Through experience marketing, customer satisfaction, loyalty and affinity can be improved. A large number of research results show that it costs six times more to attract a new customer than to retain an old one. Increase customer loyalty by 5%, which can increase the company's profit by 30% - 85%.<sup>[6]</sup> IKEA makes full use of the characteristics of experiential marketing to improve customer loyalty. It divides experiential marketing into three strategies, namely product experiencing strategy, price experiencing strategy and channel experiencing strategy.

#### 4.1. Product experiencing strategy

Product refers to anything that can supply the market, which be used and consumed by people, and meet people's certain needs, including tangible goods, intangible services, organizations, concepts and their combination. Generally, products can be divided into five levels: core products, basic products, expected products, additional products and potential products<sup>[17]</sup>.

For IKEA, its core product is furniture service, which brings IKEA direct benefits and turnover. IKEA's product strategy mainly highlights product characteristics, strengthens brand image. First, they focus on product design diversification and individuality, so as to maintain and develop the company's inherent design advantages. Second, they enhance quality inspection, and ensure product safety and quality. Third, they speed up the development of new products to meet the needs of the target market to the maximum extent.

In order to provide excellent product experience, IKEA provides consumers with sufficient and diverse choices. First of all, IKEA products range in function from plants and living room housewares to toys and the whole kitchen. You can find everything you need to decorate your home. Secondly, IKEA's product line has a wide range of styles. Romantics, like minimalists, find what they need. Finally, the harmonious product series can be described as various in function and style at the same time and all the time. Whatever style you like, there's something for everyone.

IKEA can bring customers a good product experience through the above strategies. A good product experience can improve the satisfaction of consumers and deepen the impression of products, which is of great help to the image of the enterprise.

#### 4.2. Price experiencing strategy

Price is usually an important factor that affects the success or failure of a transaction, and it is also the most

difficult factor to determine in the marketing mix. The goal of enterprise pricing is to promote sales and obtain profits. In addition, price is the most flexible factor in the marketing mix, which can make a sensitive response to the market.

IKEA's business philosophy is "to provide a wide range of beautiful and practical household products that people can afford." This determines that IKEA should keep the price low on the basis of pursuing beautiful and practical products.<sup>[8]</sup> Its price experience strategy mainly reduces the cost by optimizing the company management, reducing the purchasing link, strengthening the cost control and so on, so as to provide consumers with high-quality and low-cost home products. IKEA's design philosophy also fully embodies the price experience strategy. The product with the same price has a higher requirement for the designer's ability. Designers should not only have outstanding ideas, but also reduce costs to improve competitiveness.

As the most important experiential pricing strategy, if the pricing is appropriate, it will leave a perfect impression on customers. IKEA regards customers as one of its partners. Customers look through the product catalog, visit IKEA's own shopping mall, select furniture and pick up the goods in its own warehouse. Because most products are packed in flat packaging, customers can easily transport them home and assemble them independently. In this way, customers save part of the cost (pick-up, assembling, transportation) and enjoy low price, IKEA saves cost and maintains the low price advantage of the product.

#### **4.3. Channel experiencing strategy**

Channel means the commodity sales route, which is the circulation route of commodities. It means that the commodities of manufacturers are sold to different areas to a certain social network or agent, so as to achieve the purpose of sales. The fundamental task of marketing channels is to connect the producers and operators with consumers, so that the products or services produced by the producers and operators can be delivered to the right people in the right form and at the right time and place.

In one hand, IKEA adjusts its production layout around the world - IKEA has nearly 2000 suppliers (including IKEA's own factories) all over the world. Suppliers transport all kinds of products from all over the world to IKEA's central warehouses, and then transport them to various shopping malls for sale. This way of purchasing reduces IKEA's overall cost. In China, IKEA makes full use of numerous supply markets and powerful distribution networks, which continuously reduces the tedious distribution links and effectively allocates the supply. And they open stores in major cities.

In the other hand, IKEA's channel strategy is to independently set up stores around the world, monopolize the products designed and produced by IKEA itself, directly face consumers, and control the terminal sales channels of products.

It improves the total value of customers' purchase, reduces the total cost of customers' purchase, and improves the delivery value. So IKEA's unique channel marketing not only keeps the company away from channel competition, but also enables customers to have unique channel experience.

### **5. The features of experiencing marketing in IKEA**

In this part, there are some features will be introduced. All the characters contribute the success of IKEA and experiential marketing.

### 5.1. Feedback of experience

This marketing model is experience oriented to design, produce and sell products. Consumer is the theme of experiential marketing, its importance is obvious. Enterprises under experiential marketing must pay attention to consumers, experience and feedback<sup>[1]</sup>. Collecting customer information is just like collecting intelligence in battle. It has a direct impact on the subsequent sales decisions and marketing strategies.

In the process of dealing with consumers, retaining consumers is the most important<sup>[5]</sup>. When consumers encounter any problems or unsatisfied places in the experience, their experience effect will be reduced. At this time, enterprises will feed these problems back to the enterprise through different ways, and adjust and make compensation in the fastest time. Experience feedback can indirectly reflect consumers' needs and motives.<sup>[2]</sup> In this way, enterprises can better improve themselves their image.

### 5.2. Value preposition

The value of a product is mainly reflected in its function, characteristics and quality. It is the central content of customers' needs and the primary factor for customers to choose products<sup>[1]</sup>. Through the definition of product value, the experiential marketing convert the past conventional marketing, which permit consumer experience the product fist. The new model will attract more consumer eyes.

In other marketing modes, the enterprise pursues the production and sales of products, and achieves the purpose of marketing through advertising and other means of publicity. But in experiential marketing, it pays more attention to consumers' experience and emotional factors. This marketing model is consumer centered. When a customer experiences the product before buying it, he will deepen his impression of the product. First, consumers will consider whether the product is in line with their preferences. Second, they will recall the experience the product brought to them. In addition, value preposition will greatly reduce after-sales problems, reduce the workload of enterprises, and improve work efficiency. This feature will improve the satisfaction of consumers and the goodwill of enterprises.

### 5.3. Value extension

One form of value extension is to maximize the interests of enterprises. Excellent service is an important extension of product value, is an important manifestation of the brand image.

Compared with the traditional marketing mode, experiential marketing can increase the sales conversion by 10% to 20%.<sup>[4]</sup> Through experiential marketing, enterprises can expand business scope and business items according to consumers' preferences, and constantly update market information. All these advantages are attributed to the communication between customers and enterprises in experiential marketing. When consumers buy goods in experience marketing enterprises, they will realize what they lack and what they want in the process of experiencing products. In the feedback of customers, enterprises can gradually increase product demand and improve service. In the era of experience economy, enterprises not only provide products and services for consumers, but also let consumers have a happy experience on the platform through shopping platform. And they change consumers, consumption concept, consumption habits or consumption behavior, so that consumers have different emotional experience. Through changes, consumers recognize the products and services of enterprises, and convey them to others to become the spokesperson of enterprises, so as to produce more extended value<sup>[1]</sup>.

## 6. The outcome of experiencing marketing in IKEA

For experience marketing, how to create an unusual experience scene is the key point of influencing people's shopping decision. The business integrates the strong humanistic care and creates a unique humanistic atmosphere. The business place is closely linked with people's psychological needs such as emotions<sup>[9]</sup>.

Consumers can experience bed, sofa and other items in every IKEA store. When consumers decide to buy products, they can not only make clear choices to the seller, but also make creative combinations of different parts of existing products to design their favorite products. So consumers can fully show their individuality in IKEA. These characteristics are what they don't realize in other home stores.

Through experiencing marketing, IKEA's store is no longer just a place to buy household goods in people's view, it represents a style of life, so when you see young people who pursue fashion walk out of IKEA's store with IKEA logo shopping bags, you will think that they are a group of people who love life. We believe that IKEA's success lies not only in its integration of business flow and logistics, but also in its core concept of experiencing lifestyle. In people's mind, IKEA has become a symbol of lifestyle just like eating McDonald's hamburger and drinking Starbucks coffee.

## 7. Conclusions

In this paper, we mainly study experiential marketing and analyze the successful cases of IKEA using experiential marketing. Economic development is closely related to the changes of social patterns. With the rapid development of technology and information industry, people's needs and desires, and consumer consumption patterns are also affected accordingly. The arrival of the era of experience economy has a profound impact on enterprises, the most important aspect of which is the marketing concept of enterprises.

The reason why experiential marketing is successful is that it focuses on consumers, and the focus of enterprises is also to consider consumers. With the rapid development of globalization, IKEA is leading the social and individual fashion lifestyle with its unique experience marketing mode. IKEA provides a very positive case for the global furniture industry, and it is also a successful case of experiential marketing. In a word, in the future, enterprises should not only learn from IKEA's successful marketing experience, but also combine the characteristics of the enterprise's marketing market to find a marketing mode suitable for their own development. Only in this way can enterprises be invincible in the future competition.

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